

UAC INSURANCE MUTUAL

Board of Trustees Meeting

Thursday, February 21, 2002, 9:30 a.m.
Utah Association of Counties Board Room

A G E N D A

| | | |
|-------|--|---------------|
| 9:30 | Call to Order | Gary Herbert |
| | Review of Board Members Absent | Gary Herbert |
| | Approval of January 17 Minutes | Gary Herbert |
| | Fourth Quarter 2001 Broker Review | Shawn Guzman |
| | Broker Report | John Chino |
| | Loss Control Manager's Report | Mark Brady |
| | Director's Report | Shawn Guzman |
| | Set Date and Time for Closed Meeting to Discuss Pending or Reasonably Imminent Litigation | |
| | Action on Litigation Matters | Kent Sundberg |
| | Set Date and Time for Closed Meeting to Discuss Character, Professional Competence, Physical/Mental Health of an Individual | |
| | Other Business | |
| 12:30 | Adjourn with Lunch | |

UACIM BOARD OF TRUSTEES MEETING M I N U T E S

February 21, 2002, 9:30 a.m.
Utah Association of Counties Board Room

BOARD MEMBERS PRESENT

Gary Herbert, *President*, Utah County Commissioner
Dan McConkie, *Vice President*, Davis County Commissioner
Lynn Lemon, *Secretary-Treasurer*, Cache County Executive
Kay Blackwell, Piute County Commissioner
LaVar Cox, Millard County Commissioner
Gene Roundy, Iron County Commissioner
Steve Wall, Sevier County Clerk-Auditor
Royal Norman, Box Elder County Commissioner
Tex Olsen, Sevier County Commissioner
Kent Sundberg, Utah County Deputy Attorney

BOARD MEMBERS ABSENT

Ed Phillips, Millard County Sheriff

OTHERS PRESENT

Steve Baker, Davis County Personnel Director
Brent Gardner, UAC Executive Director
Shawn Guzman, UACIM Director
Mark Brady, UACIM Loss Control Manager
Sonya White, UACIM Administration
John Chino, Account Manager, Arthur J. Gallagher

CALL to ORDER

Gary Herbert called the meeting to order and welcomed those in attendance.

REVIEW of BOARD MEMBERS ABSENT

Ed Phillips requested to be excused from this meeting due to a prior commitment out of state. Lynn Lemon made a motion to excuse Ed Phillips from this meeting. Steve Wall seconded the motion, which passed unanimously.

APPROVAL of MINUTES

The minutes of the Board of Trustees meeting held January 17, 2002 were previously sent to the Board Members for review. Tex Olsen made a motion to approve the January 17 meeting minutes as written. Royal Norman seconded the motion, which passed unanimously.

FOURTH QUARTER 2001 BROKER REVIEW

Shawn Guzman reminded the Trustees that this would be the last performance review the Board will conduct for the brokers of Arthur J. Gallagher and Company—fourth quarter 2001. The performance measurement was taken out of the 2002 contract with Gallagher. In reviewing the measurements, Shawn explained that there were problems in the following areas for the fourth quarter:

- Bind coverage on behalf of UACIM as required.
- Provide alternative quotations on ancillary coverages as requested by UACIM.
- Review policies, endorsements and certificates for accuracy. Request changes as needed.
- Quote, bind and process bonds as needed.

Case in point:

- Staff received a non-renewal notice in October that Gulf Insurance Company would not be renewing the Tenant User Liability Insurance Program as of November 1. A new program was not put into place until January.
- The renewal application for the Directors and Officers Errors and Omissions policy was completed and sent to Gallagher in September for the December 27 renewal. When the renewal had not been received, staff phoned Gallagher who explained that Scottsdale Insurance Company was no longer writing this type of coverage and that a two-month extension was obtained from Scottsdale while Gallagher worked on replacing coverage. There was no mention of an additional premium until staff received an invoice in the amount of \$1,123. Coverage was bound with St. Paul Insurance Company as of December 27.
- For renewal, staff was assured that Travelers Insurance Company would continue to include flood coverage for the 2002 policy. In December staff was notified that Flood Zone A properties would be excluded. It was the responsibility of staff to provide extensive details on 39 properties that were Flood Zone A classified to determine which properties would need to be covered under a separate policy.
- In October, Gallagher was given the opportunity to quote the Utah Association of Counties office package policy—property, automobile and liability. Coverage was placed for the January 1 renewal but then cancelled. After corresponding back and forth with staff, coverage was finally placed through the National Association of Counties program with Hartford Insurance Company, the same company that had previously cancelled UAC.

Hopefully these service issues will be resolved now that most of the brokerage services have been moved to the office and management of John Chino. The Board invited John to explain why these problems had occurred. John explained that he is creating a *Client Service Plan* that will detail all renewal dates, premiums and what Gallagher is expected to provide for each policy. This plan was not in place during the fourth quarter and John is confident this will alleviate the problems experienced. John reassured the Trustees that the UACIM account is a high priority to Gallagher and his goal is to exceed the service expectations of the Board. In his opinion, Gallagher does not deserve the fourth quarter bonus because the performance measurements were not met and the incentive should be to exceed the expectations not just meet them. The Board thanked John for his candidness and willingness to work with UACIM staff, trustees and members.

Due to the problems experienced during the fourth quarter 2001, LaVar Cox made a motion that Arthur J. Gallagher and Company would not be eligible to receive the final \$5000 quarterly bonus. Kay Blackwell seconded the motion, which passed unanimously.

BROKER'S REPORT

John Chino provided the Board with a list of the final Flood Zone A properties that are covered by Lloyds (see attachment number one). Gallagher used a flood research company, who works directly with FEMA to make the final classification determination. UACIM staff and member counties provided enough information for FEMA to narrow the Flood Zone A properties to 13. The annual premium will be closer to \$30,000 rather than \$50,000 as originally quoted. Lloyds is a non-admitted company in the state of Utah but are an admitted insurer. Therefore subject to surplus lines tax—4½% to the state insurance department. John is researching whether UACIM is subject to this tax.

LOSS CONTROL REPORT

Mark Brady provided the Board with detailed loss charts (see attachment number two). Page one; total incurred losses have decreased as claims have been closed. Page two; auto losses have doubled from what was anticipated by the loss trends, property also increased and general liability type claims were half of what was anticipated. Page three; the highest loss by category is mechanical defect due to two large property losses and the next highest is vandalism. Page four; the number of errors and omissions claims is the highest general liability category and represents the majority of general liability claims. Page five and six; breakdown of auto loss frequency and severity with speeding claims are the largest contributor to auto losses. For 2002, eight physical damage auto claims have already been reserved. Gary Herbert requested that a chart be created that would show the effect of loss control training efforts on claims—is training helping or not? Mark will include that in his report at the next meeting.

Mark explained that since the first of 2002 he has traveled 3038 miles inspecting county owned buildings in 12 counties. His goal is to have the other 13 member counties complete by the end of March. Upcoming training scheduled for law enforcement defensive driving, facilities management and planning and zoning. LaVar Cox questioned whether UACIM would be sponsoring heavy equipment operator training. OSHA will fine counties if training is not conducted and records kept. Shawn Guzman explained that the Utah Association of Counties is organizing a road school and heavy equipment training would be a good topic. Shawn and Mark will recommend this to the UAC Board. Tex Olsen suggested that UACIM sponsor a contest for the member county law enforcement departments for the year's best/worst loss history—a monetary prize for the best and a bizarre moving trophy for the worst. The Board liked this idea and directed Mark to devise the contest.

DIRECTOR'S REPORT

Olympics. Shawn Guzman reported that with the Olympics coming to a close, there have only been two Olympic related claims filed—alleged fall in Wasatch County and alleged civil right violation in Davis County.

SB 48. Shawn explained that Legislative Research and General Council are reviewing changes he made to the Public Agency Insurance Mutual Amendments legislation after discussions with the Utah Health Insurance Association. It appears that there is no other opposition and he anticipates the bill will pass. UACIM will do something special to thank Senator Hickman and Representative Hatch.

Classification of Counties. The 2000 census would bring Sanpete and Sevier Counties up to a class three classification pursuant to UCA 17-50-501. There were some member concerns during the last UACIM Board of Trustees election relating to Article 5 of the Bylaws, wherein Steve Wall, Sevier County Clerk-Auditor, was elected to represent the fourth, fifth, sixth class counties. Pursuant to UCA 17-50-502 change of class of county (4) a county's change in class is effective on the date of the lieutenant governor's certificate. Neither Sanpete nor Sevier Counties have received a certificate indicating the class in which the county belongs, based on the increased population, from the lieutenant governor's office. Therefore, the Board will continue to list Sanpete and Sevier as fourth-class counties.

April Insurance Coordinator and Member Meetings. The Insurance Coordinators Workshop is scheduled for April 10, 10:00-12:00 and the Membership Luncheon Meeting is scheduled for 12:00-2:00 in Park City. Gene Roundy made a motion approving a \$50 gift certificate to be given to those coordinators that submit their completed 2003 renewal information at the Workshop. Kent Sundberg seconded the motion, which passed unanimously. A tentative agenda was reviewed and approved by the Board for the Membership Luncheon Meeting (see attachment number three).

2001 Actuary Analysis. The tentative number from Glen Taylor is approximately \$1,239,000 additional surplus. Shawn will give a full report to the Board once the analysis is complete.

SET DATE and TIME for CLOSED MEETING

Lynn Lemon made a motion to set the date and time for a closed meeting to discuss the character, professional competence, physical or mental health of an individual to begin at 11:50 a.m. on February 21, 2002. Steve Wall seconded the motion, which passed unanimously.

LaVar Cox made a motion to conclude the closed meeting at 12:05 p.m. on February 21, 2002. Royal Norman seconded the motion, which passed unanimously.

SET DATE and TIME for CLOSED MEETING

There were no pending or reasonably imminent litigation items to discuss.

ACTION on LITIGATION MATTERS

No actions were taken on litigation matters.

OTHER BUSINESS

The next Board of Trustees meeting is scheduled for Thursday, March 21, 2002, 9:00 a.m. at the UAC Building.

Approved on this 27 day of June, 2002



Lynn Lemon, UACIM Secretary-Treasurer, Cache County Executive

**UTAH ASSOCIATION OF COUNTIES INSURANCE MUTUAL
2000 RISK MANAGEMENT PROPOSAL**

PERFORMANCE MEASUREMENT

In addition to the basic fee for services, Arthur J. Gallagher & Co. is eligible for bonuses of up to \$20,000 for the 2000 program year.

Arthur J. Gallagher & Co.'s performance shall be measured at the end of each quarter, using the following criteria:

- Review, analyze, and provide recommendations to UACIM regarding deductibles, self-insured retentions, loss funds, and program structures.
- Bind coverage on behalf of UACIM as required.
- Provide alternative quotations on ancillary coverages as requested by UACIM.
- Act as representative of UACIM in matters relating to UACIM's excess insurance and/or reinsurance.
- Assist in marketing the UACIM program to other Utah counties.
- Assist in the analysis and comparison of various proposals/quotations submitted to UACIM members by competing brokers.
- Participate, when invited, in monthly UACIM Board of Directors meetings.
- Participate in all full membership meetings.
- Review, analyze, and respond to UACIM questions pertaining to coverage or servicing issues.
- Return all phone calls within 24 hours.
- Review policies, endorsements, and certificates for accuracy. Request changes as needed.
- Quote, bind, and process bonds as needed.
- Act as an intermediary, when requested, between the Utah Department of Insurance and the UACIM.
- Assist the UACIM staff with members' concerns, questions, or general service issues.

Arthur J. Gallagher & Co. will be eligible for up to 25% of the annual bonus, or \$5,000, at the end of the quarter. Performance bonuses will be billed no later than 30 days after the end of each quarter.

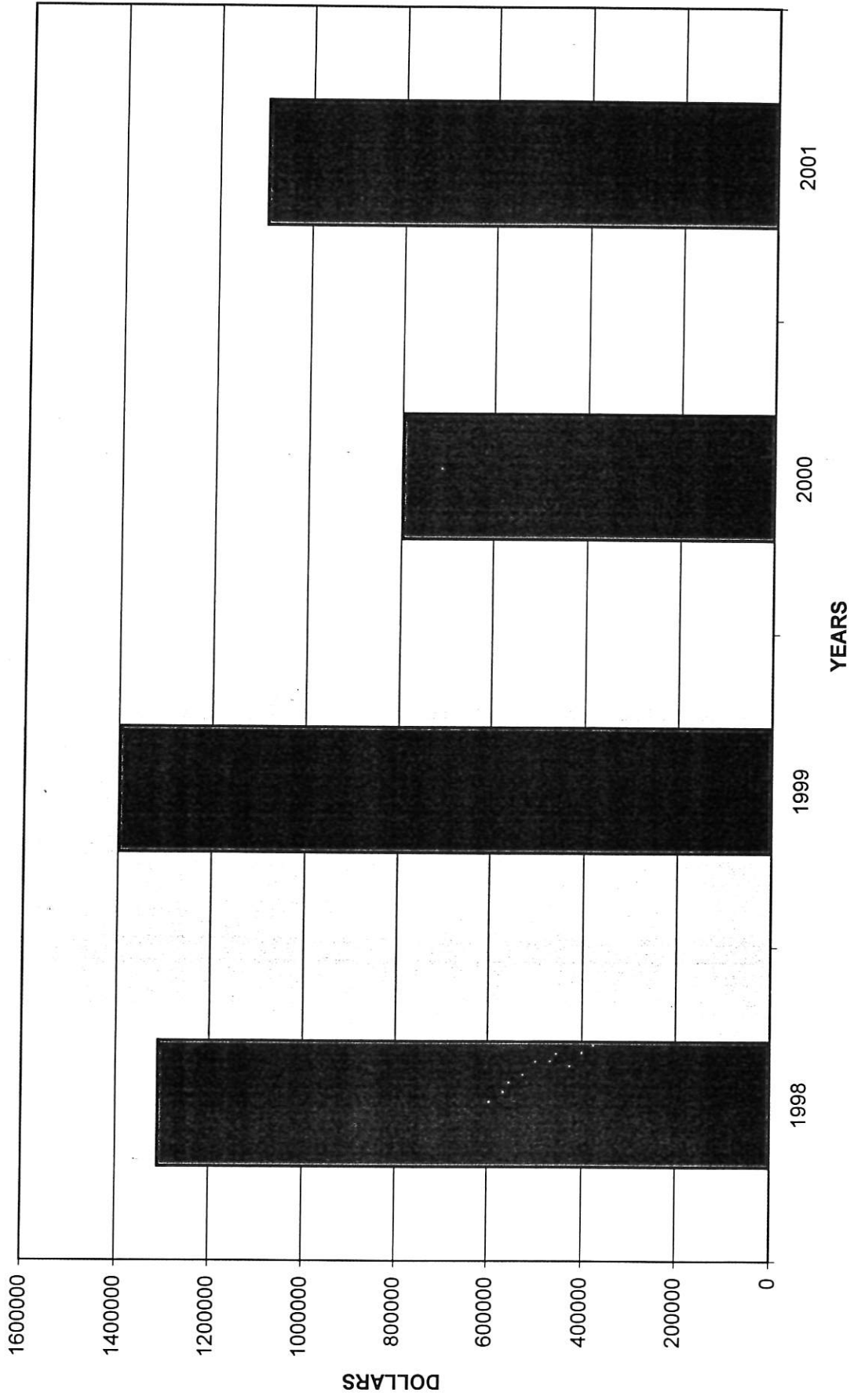


2002 UAC INSURANCE MUTUAL Flood Zone A Properties

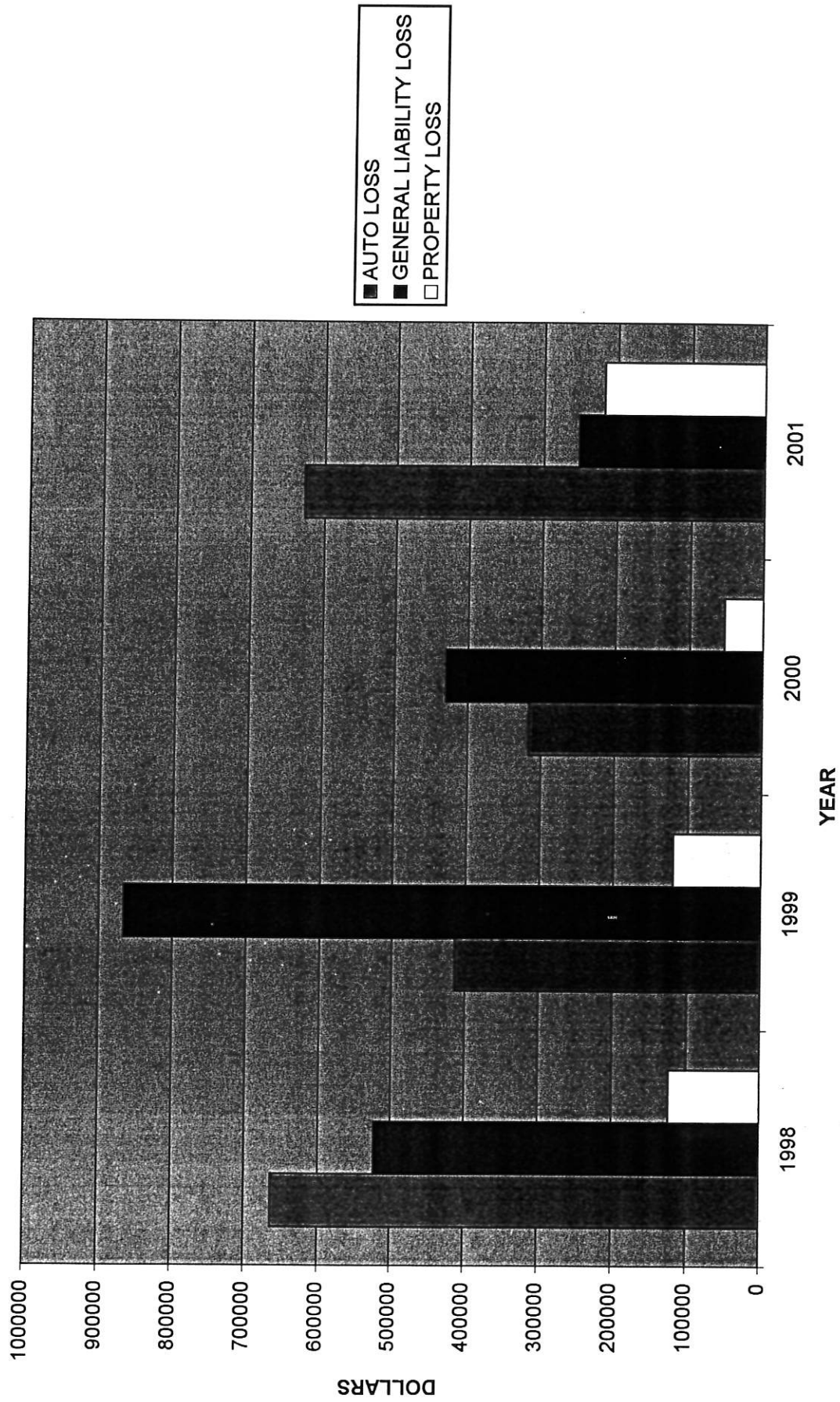
Total Insured by Lloyds: \$9,308,390

| Box Elder | Garfield | Grand | Iron | Kane | Sevier | Utah |
|--|--|--|--|--|--|--|
| Clubhouse 530 South 1400 West Brigham City, UT 84302 \$108,702 | Fair Grounds 800 North Hwy 89 Panguitch, UT 84759 \$548,123 | Museum 118 East Center Street Moab, UT 84532 \$359,175 | Senior Citizens 489 East 200 South Cedar City, UT 84720 \$251,061 | Clinic 180 West 300 North Kanab, UT 84741 \$376,510 | EMT Building 55 West View Drive Richfield, UT 84701 \$314,208 | Inlet Park Restrooms 6950 North Saratoga Road Saratoga Springs, UT 84043 \$52,865 |
| Fire Station 11655 N. Grouse Creek Road Grouse Creek, UT 84337 \$85,257 | | Courthouse/Jail 125 East Center Street Moab, UT 84532 \$5,475,403 | | Old Hospital 220 West 300 North Kanab, UT 84741 \$890,450 | | |
| | | Library 25 South 100 East Moab, UT 84532 \$395,296 | | | | |
| | | MIC Center 31 South Main Street Moab, UT 84532 \$403,282 | | | | |
| | | Food Bank 50 North 100 East Moab, UT 84532 \$48,058 | | | | |
| \$193,959 | \$548,123 | \$6,681,214 | \$251,061 | \$1,266,960 | \$314,208 | \$52,865 |

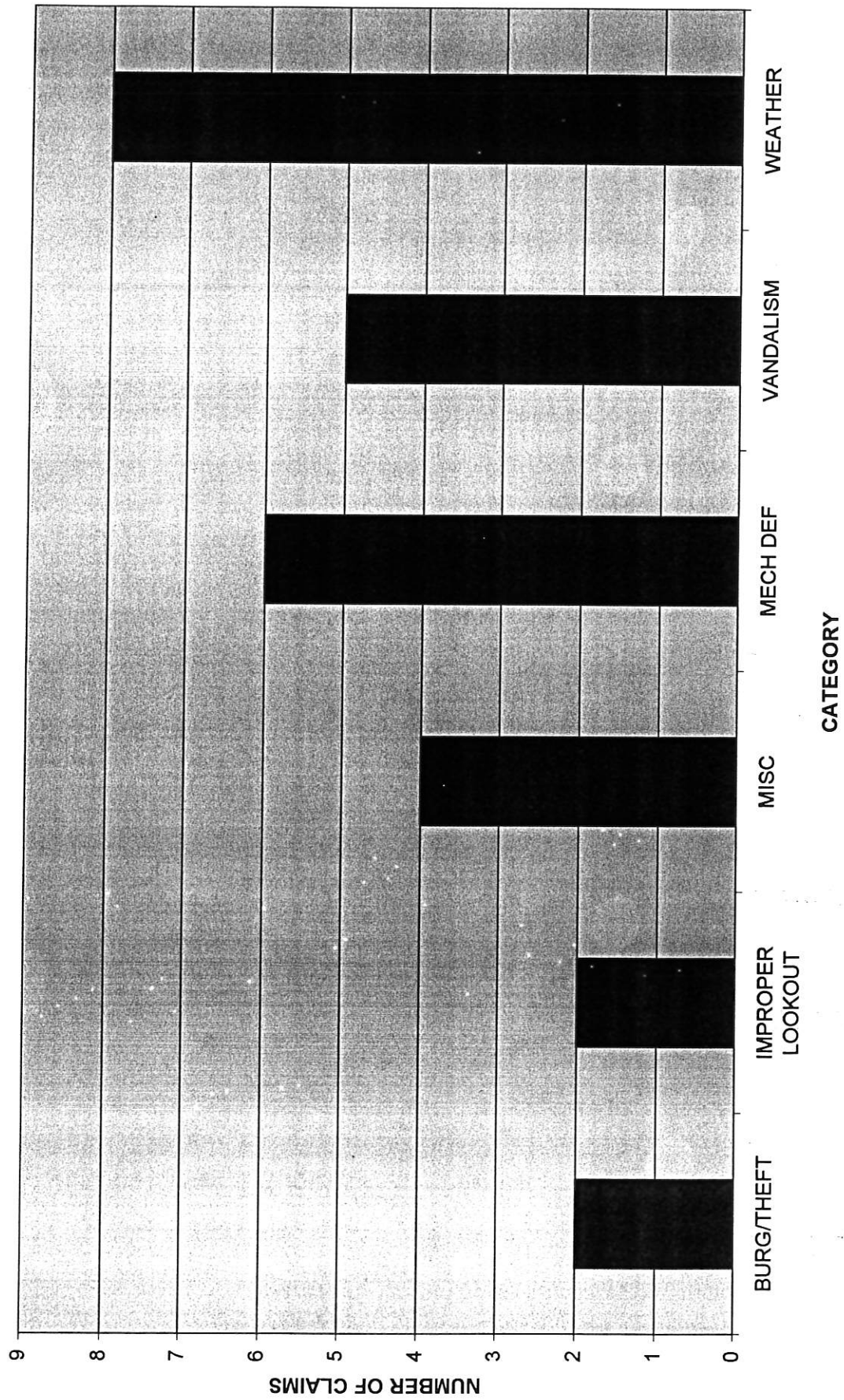
UACIM SEVERITY OF LOSS IN DOLLARS--4 YEAR TREND



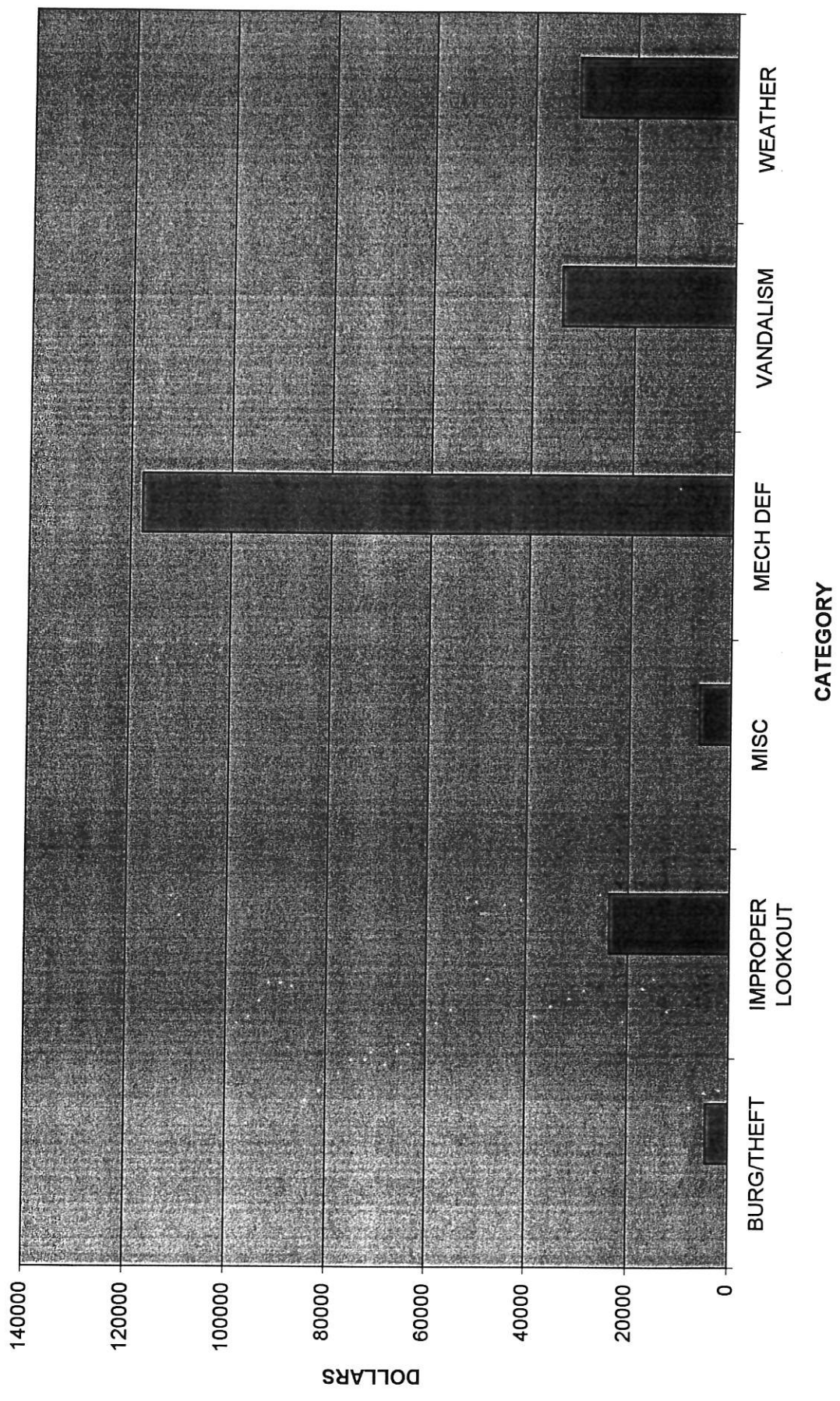
UACIM LOSS SEVERITY BY TYPE--4 YEAR TREND



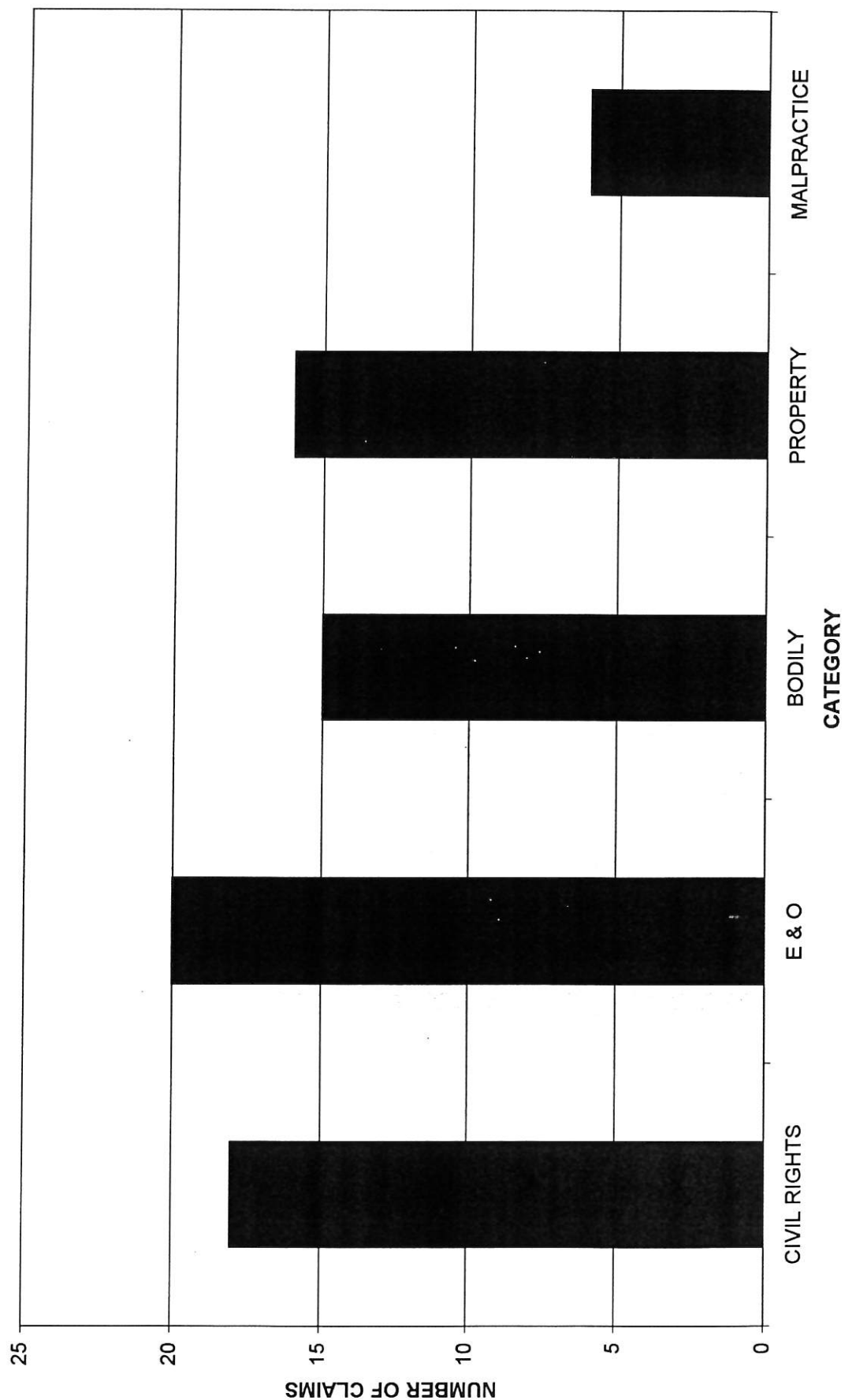
2001 PROPERTY LOSS FREQUENCY--BY CATEGORY



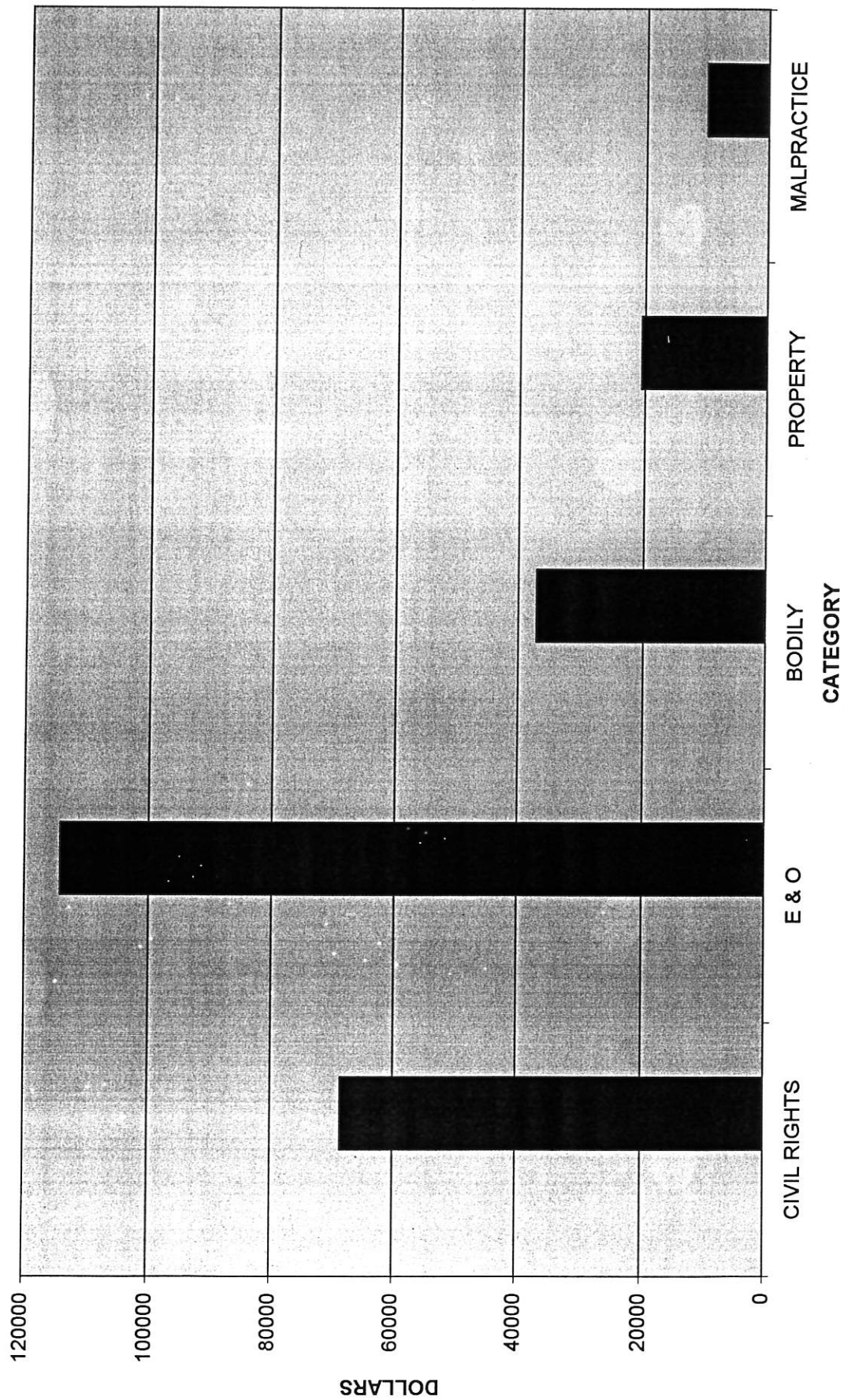
2001 PROPERTY LOSS SEVERITY--BY CATEGORY



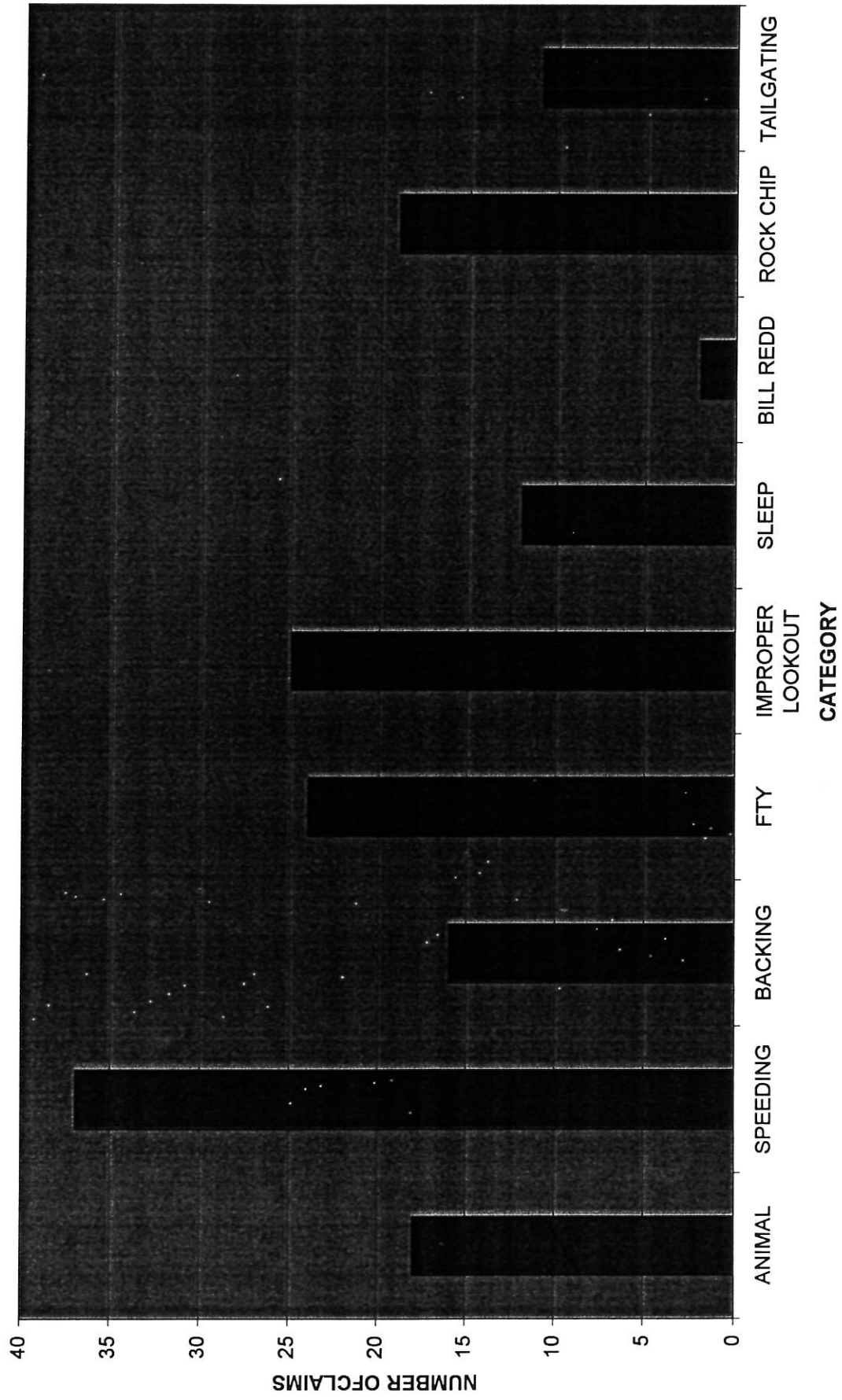
2001 GEN LIABILITY LOSS FREQUENCY--BY CATEGORY



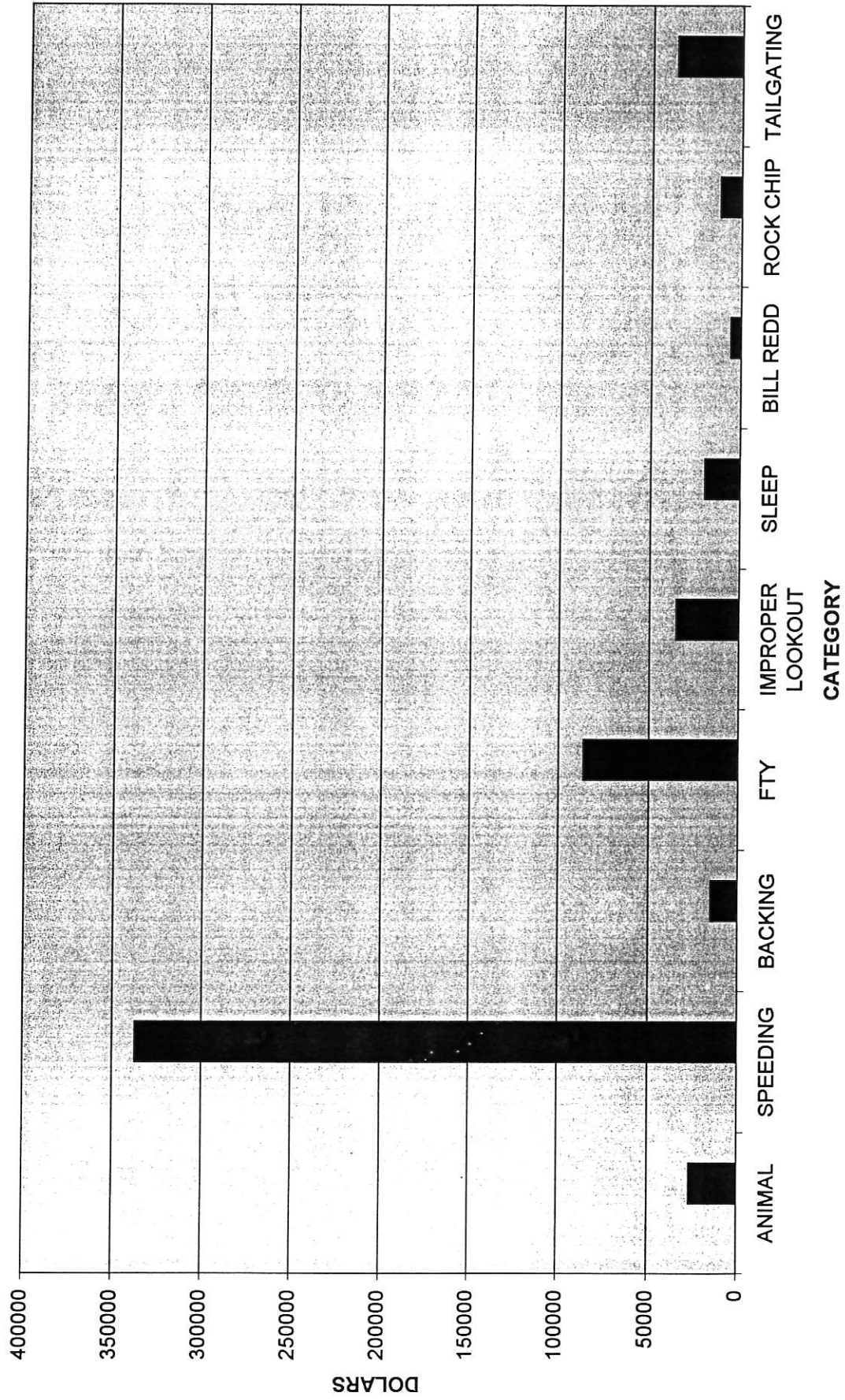
2001 GEN LIABILITY LOSS SEVERITY--BY CATEGORY



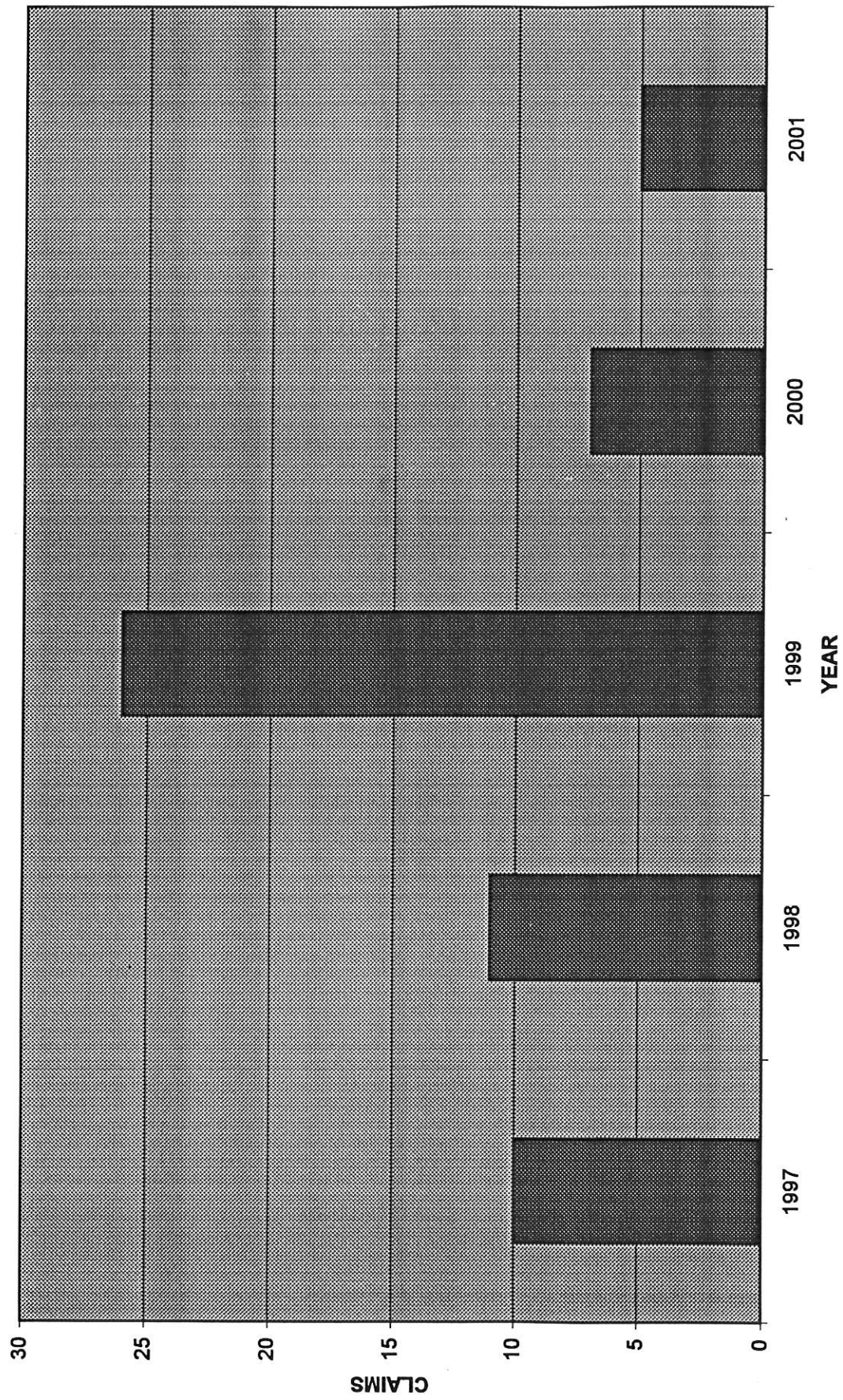
2001 AUTO LOSS FREQUENCY--BY CATEGORY



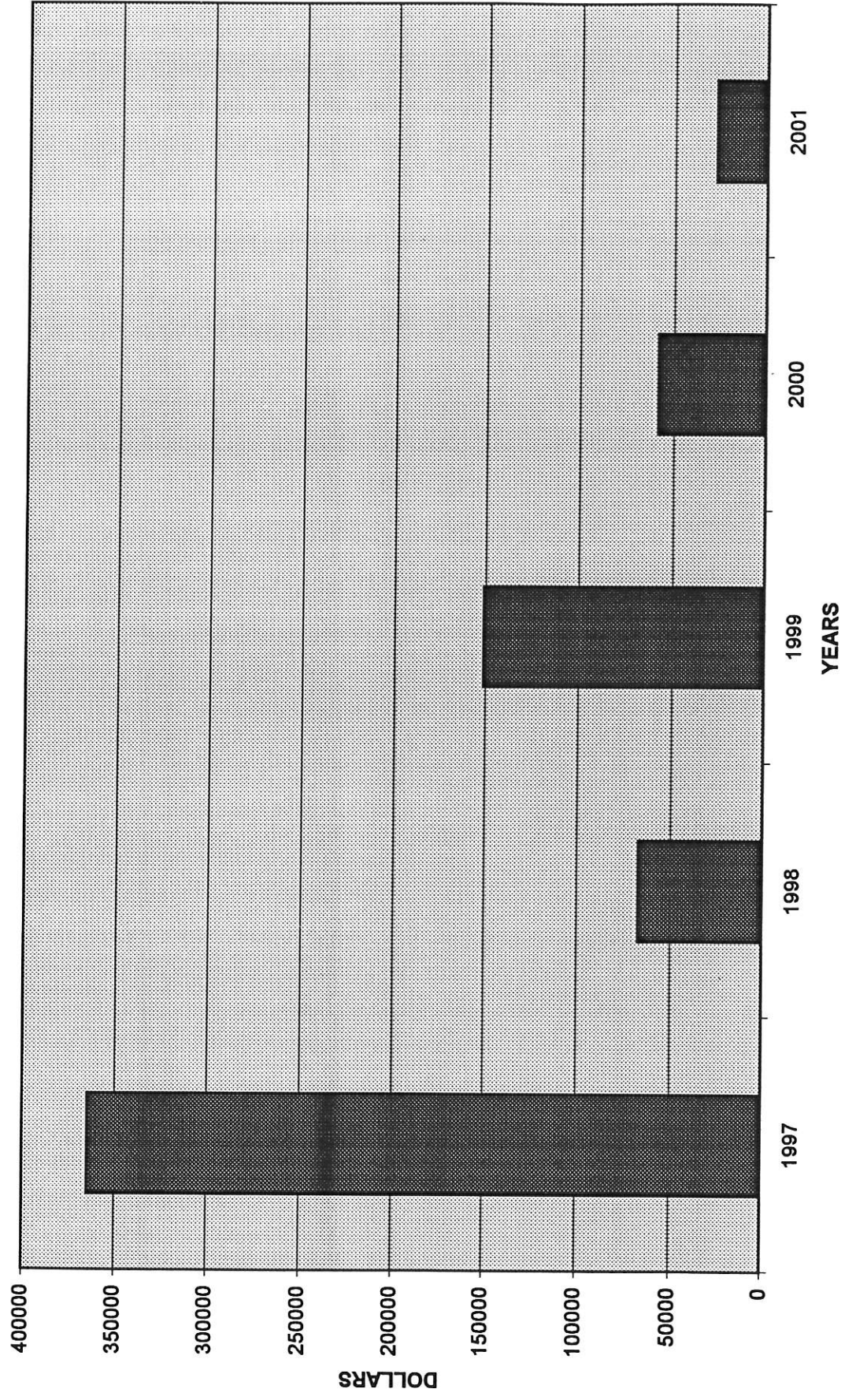
2001 AUTO LOSS SEVERITY--BY CATEGORY



ERRORS AND OMISSIONS FREQUENCY --5 YEAR TREND



ERRORS AND OMISSIONS LOSS SEVERITY --5 YEAR TREND



UAC INSURANCE MUTUAL

Membership Meeting

April 10, 2002, 12:00-2:00 p.m.
The Yarrow Convention Center
1800 Park Avenue, Park City, UT

A G E N D A

12:00 Lunch Served

Call to Order & Member Roll Call Gary Herbert

Bylaws Amendments Shawn Guzman

Financial Update Shawn Guzman

Flood Coverage John Chino

Director's Report Shawn Guzman

2001 Risk Management Program Premium Credits Gary Herbert

- d. Cooperate fully with the Mutual's attorneys and Administrator, and any other agent, contractor, employee or officer of the Mutual in activities relating to the purposes and powers of the Mutual.
- e. Provide information requested by the Mutual, its Administrator, and any other agent, contractor, employee or officer of the Mutual, as reasonably required for the administration of the Mutual.
- f. Allow the Mutual, and attorneys and others designated by the Mutual, to represent the Member in the investigation, settlement and litigation of any claim within the scope of loss protection furnished by or through the Mutual and also to deny coverage for any claims settled by Member counties or for any monies paid by Member counties toward claims without the prior written approval of UACIM.
- g. Follow the claims, loss reduction and prevention, and risk management policies and procedures established by the Board.
- h. Report to the Mutual, in the form and within the time required by the Board, all incidents or occurrences which could reasonably be expected to result in the Mutual being required to consider a claim.
- i. Report to the Mutual, in the form and within the time required by the Board, the addition of new programs and facilities or the significant reduction or expansion of existing programs and facilities.

ARTICLE 5. Board of Trustees.

- 5.1 The Board shall be composed of eleven persons.
- 5.2 Each Trustee shall be an elected or appointed officer or an employee of a Member. At least one Trustee shall serve on the Board of Directors of the Utah Association of Counties. Three Trustees shall be representatives from first, second, or third class counties and three Trustees shall be representatives from fourth, fifth or sixth class counties, as defined in Utah Code Ann. §17-16-13. Three of the remaining Trustees shall be elected at large. The final two Trustee positions shall be reserved for the Chair of the Litigation Management Committee and the Chair of the Law Enforcement Committee, which positions shall be appointed by the Board. No person convicted of a felony may serve as a Trustee.
- 5.3 Election of Trustees shall take place at the annual meeting of the Members. Elected Trustees shall assume office at the first Board meeting following their election.
- 5.4 Terms of the elected Trustees shall be two-year overlapping terms.

Utah Code Section 17-50-502 17-50-502. Change of class of county.

(1) Each county shall retain its classification under Section 17-50-501 until changed as provided in this section.

(2) The lieutenant governor shall monitor the population figure for each county as shown on:

(a) each official census or census estimate of the United States Bureau of the Census; or

(b) if the population figure for a county is not available from the United States Bureau of the Census, the population estimate from the Utah Population Estimates Committee.

(3) If the applicable population figure under Subsection (2) indicates that a county's population has increased beyond the limit for its current class, the lieutenant governor shall:

(a) prepare a certificate indicating the class in which the county belongs based on the increased population figure; and

(b) within ten days after preparing the certificate, deliver a copy of the certificate to the legislative body and, if the county has an executive that is separate from the legislative body, the executive of the county whose class was changed.

(4) A county's change in class is effective on the date of the lieutenant governor's certificate under Subsection (3).

Enacted by Chapter 318, 2000 General Session

Download Code Section Zipped WP 6/7/8 17_23065.ZIP 2,276 Bytes

[Sections in this Chapter](#)|[Chapters in this Title](#)|[All Titles](#)|[Legislative Home Page](#)

Last revised: Thursday, July 12, 2001

| CLASS | COUNTY | POPULATION |
|----------------------------------|------------|------------|
| FIRST 700,000+ | Salt Lake | 875,525 |
| SECOND 125,000-700,000 | Utah | 340,877 |
| | Davis | 236,016 |
| | Weber | 192,674 |
| THIRD 18,000-125,000 | Cache | 83,440 |
| | Washington | 82,436 |
| | Box Elder | 41,974 |
| | Iron | 28,103 |
| | Tooele | 26,739 |
| | Uintah | 25,307 |
| | Summit | 25,882 |
| | Carbon | 21,320 |
| FOURTH 10,000-18,000 | Sanpete | 19,613 |
| | Sevier | 18,081 |
| | Duchesne | 13,656 |
| | San Juan | 13,543 |
| | Wasatch | 13,228 |
| | Millard | 12,093 |
| FIFTH 3,500-10,000 | Emery | 10,360 |
| | Grand | 9,260 |
| | Beaver | 8,251 |
| | Morgan | 6,812 |
| | Juab | 6,635 |
| | Kane | 6,856 |
| SIXTH 1-3,500 | Garfield | 4,645 |
| | Wayne | 2,587 |
| | Rich | 1,823 |
| | Piute | 1,535 |
| | Daggett | 737 |

AFFIDAVIT OF GARY R. HERBERT


STATE OF UTAH)
)
COUNTY OF SALT LAKE)

Gary R. Herbert, being duly sworn upon oath, deposes and says:

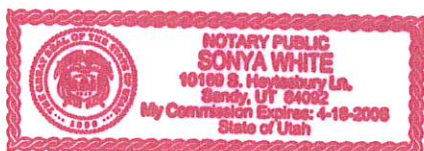
1. That the affiant has personal knowledge of the matters hereinafter referred to in this Affidavit.
2. That the Affiant, on or about the 21 day of February, 2002, presided over a meeting of the Utah Association of Counties Insurance Mutual Board of Trustees, an open and public meeting within the provisions of Chapter 4, Title 52, Utah Code Annotated, 1953, as amended.
3. That a quorum of the Utah Association of Counties Insurance Mutual Board of Trustees was present and at least two-thirds of the members present, voted to close the meeting pursuant to the provisions of Section 52-4-4, Utah Code Annotated, 1953, as amended, for the purpose of discussing the character, professional competence, or physical or mental health of an individual.
4. That the affiant was present throughout the meeting and, pursuant to the provisions of Section 52-4-7.5, the affiant does hereby affirm that the sole purpose for closing the meeting was to discuss the character, professional competence, or physical or mental health of an individual or individuals.


FURTHER, Affiant saith not.

DATED this 28 day of August, 2002.


GARY R. HERBERT, President
Utah Association of Counties Insurance Mutual

On the 28 day of August, 2002, personally appeared before me Gary R. Herbert, who, after being by me duly sworn, deposed and said that the information contained in the above and foregoing Affidavit is true and correct.




NOTARY PUBLIC
Residing at: Sandy, UT
My Commission Expires: 4-18-2006

